



DEPARTMENT OF HEALTH AND HOSPITALS

Louisiana and the Affordable Care Act

March 13, 2013

Bruce D. Greenstein
Secretary

Today's Discussion

- The State of Louisiana has made two major decisions with regards to the Patient Protection and Affordable Care Act (PPACA):
 1. Louisiana has selected the Federally-Facilitated Health Insurance Exchange (FFE) option.
 2. Louisiana has chosen not to expand its existing Medicaid program.

Health Insurance Exchange

- Louisiana has made a business decision to opt for the federally-facilitated Exchange (FFE) option based on the following issues:
 1. **Inadequate timelines:** Now less than seven months remain until October 1, when open enrollment begins. Both states and insurers have expressed major reservations about meeting these deadlines without serious market disruption.
 - Only on March 1 did HHS release *draft* guidance on how the FFE will accept Qualified Health plans (QHPs), yet QHP applications are set to begin in less than three weeks.
 2. **Incomplete or missing guidance:** Only since November have we received thousands of pages in regulations that should have been released months before. There are still many outstanding questions.

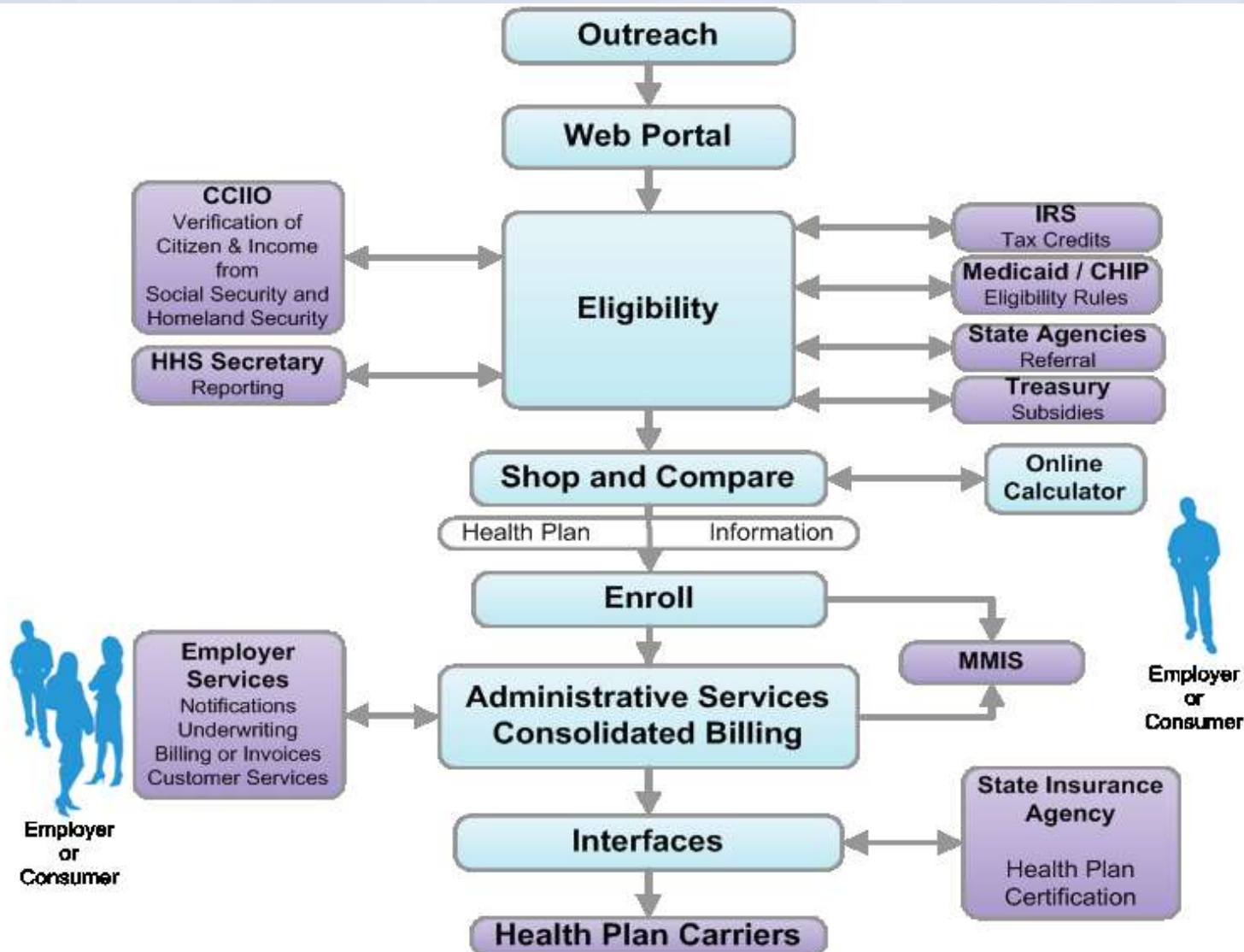


Health Insurance Exchange (cont'd)

3. **Rigid Rules:** Twenty-six states have elected for an FFE because they found no significant benefit to having a SBE. The rules and regulations governing the Exchange envisioned by the PPACA are rigid and do not allow for true state innovation. The state would ultimately build and operate a federal program by federal rules, administering federal tax credits and verifying information provided by a consumer by matching it with data in the federal data services hub.
 - Utah, for example, has a current state exchange. While originally conditionally approved to operate its own exchange, HHS has recently stated it will be unable to expand its existing exchange to the individual market because it does not meet federal requirements.
4. **Financing the Exchange:** Exchanges are required to be self-sustaining by 2015, making it a State's responsibility to generate the necessary revenue if it elects to establish a State-based Exchange (SBE)
 - SBE states accept the responsibility and costs for providing consumer assistance, monitoring and oversight of health plans, eligibility determination, enrollment transactions, and financial management including user fees, risk adjustment, reinsurance and risk corridors.
 - By opting for an FFE, a state's residents are not losing any purported benefits of the law.

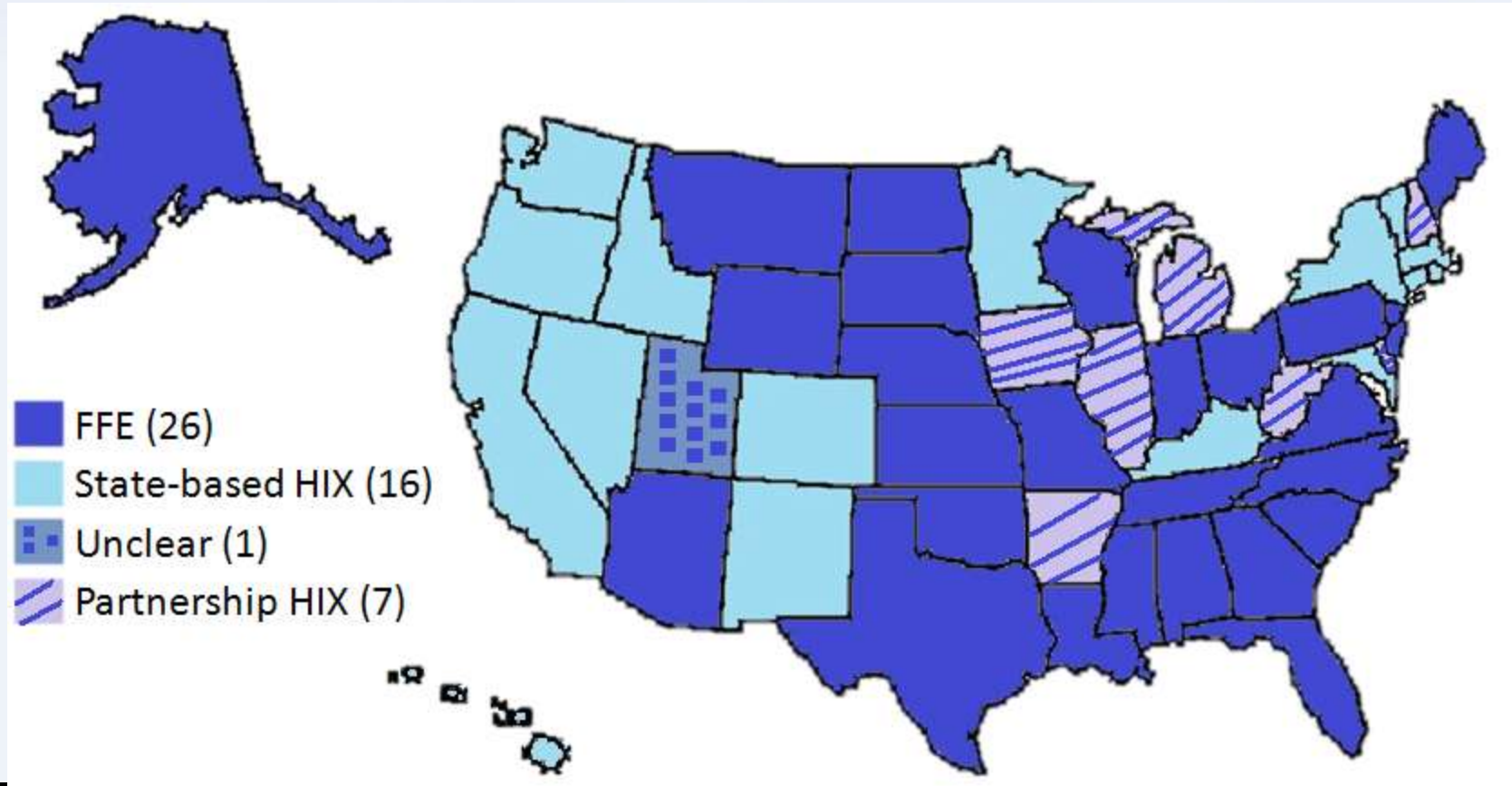


Major Technology Lift



Exchanges and the States

- Louisiana joins 25 other states who will have an FFE.



Federal Subsidies on Exchange

Assistance by Income Level

Percentage of FPL	Amount Based Upon Projected 2013 FPL Individual (Family of 4)	Percentage of Income Contribution	Maximum Contribution Based Upon 2013 FPL Individual (Family of 4)	Maximum Out-Of-Pocket Cap (2013 HSA limits: \$6,250 for an individual and \$12,500 for a family)	Actuarial Value of Plan (after subsidies and/or assistance)
100 - 133% FPL	\$15,281 (\$31,321)	2%	\$305.63 (\$626.43)	One-third of HSA limits: \$2,083 (\$4,167)	94%
133 - 150% FPL	\$17,235 (\$35,325)	3 - 4%	\$689.40 (\$1,413)	\$2,083 (\$4,167)	94%
150 – 200% FPL	\$22,980 (\$47,100)	4 – 6.3%	\$1,447.74 (\$2,967.30)	\$2,083 (\$4,167)	87%
200 – 250% FPL	\$28,725 (\$58,875)	6.3 – 8.05%	\$2,312.36 (\$4,739.44)	One-half of HSA limits: \$3,125 (\$6,250)	73%
250 – 300% FPL	\$34,470 (\$70,650)	8.05 -9.5%	\$3,274.65 (\$6,711.75)	\$3,125 (\$6,250)	70%
300 – 400% FPL	\$45,960 (\$94,200)	9.5%	\$4,366.20 (\$8,949.00)	Two-thirds of HSA limits: \$4,167 (\$8,333)	70%



Medicaid Expansion

- **Expansion:** Louisiana has elected not to expand its Medicaid program as is, for two overarching reasons:
 1. It represents a massive expansion of a broken entitlement program and weakens the private health insurance market.
 2. Today's Medicaid model doesn't give states adequate flexibility to improve health outcomes or lower overall costs.
- **Louisiana has sought specific additional flexibilities to strengthen the Medicaid program:**
 1. Simplify eligibility
 2. Allow use of reasonable, but enforceable, cost sharing requirements
 3. Allow use private health insurance market through Medicaid, including additional abilities to use 'premium assistance'
 4. Streamline financing and reform process to improve both flexibility and accountability



Expansion Creates Winners & Losers

The Real Winner in Medicaid Expansion: New York

Medicaid expansion would provide states some savings while simultaneously increasing other expenditures. But only 10 states—those with already bloated Medicaid programs—would be net savers. New York would benefit most—it would save \$33.8 billion in Medicaid expenditures from 2014 to 2022, nearly matching the spending increases from 40 other states.

Net Savers:

\$48.0 BILLION

\$33.8 BILLION

New York

\$14.2 BILLION

Connecticut
Delaware
Hawaii
Iowa
Maine
Maryland
Massachusetts
Vermont
Wisconsin

Net Payers:

\$37.9 BILLION

Alabama	Nevada
Alaska	New Hampshire
Arizona	New Jersey
Arkansas	New Mexico
California	North Carolina
Colorado	North Dakota
D.C.	Ohio
Florida	Oklahoma
Georgia	Oregon
Idaho	Pennsylvania
Illinois	Rhode Island
Indiana	South Carolina
Kansas	South Dakota
Kentucky	Tennessee
Louisiana	Texas
Michigan	Utah
Minnesota	Virginia
Mississippi	Washington
Missouri	West Virginia
Montana	Wyoming
Nebraska	

Source: Heritage Foundation calculations based on data from the Urban Institute.

heritage.org

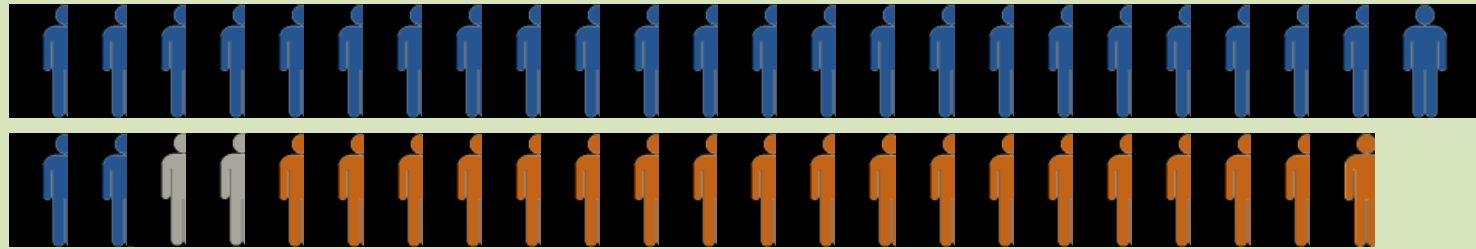
**The Medicaid
Expansion
Creates Winners
and Losers
Among States**


Expansion: Not all Uninsured


 = 10,000 people *Louisiana Medicaid under ACA*

Year 1:

467K new
enrollees



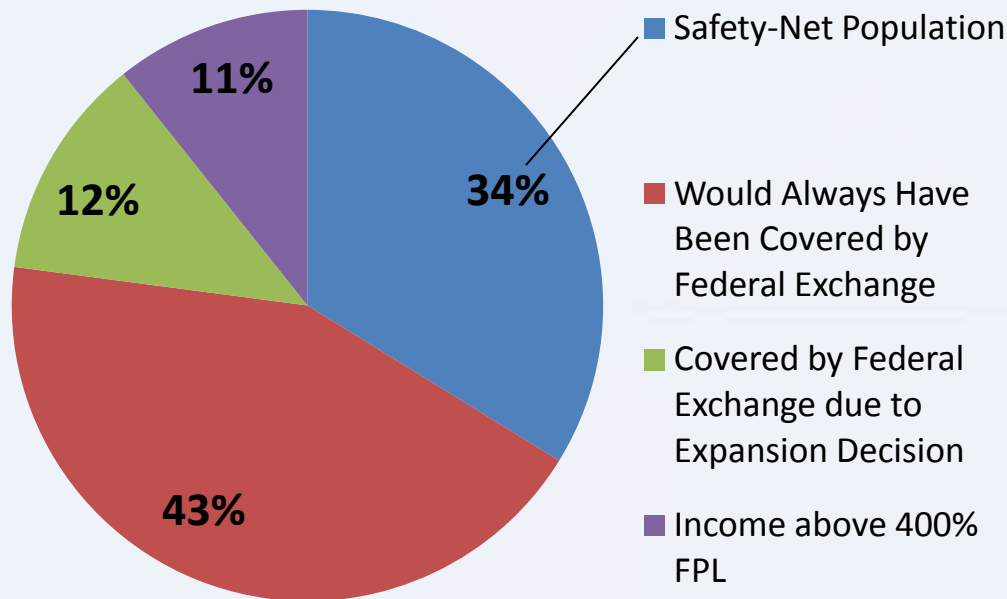
 Almost 260,000 would have been newly eligible individuals that were previously uninsured

 More than 20,000 would have been individuals currently eligible but not enrolled

 Nearly 187,000 would have come from private insurance rolls

Targeting the True problem

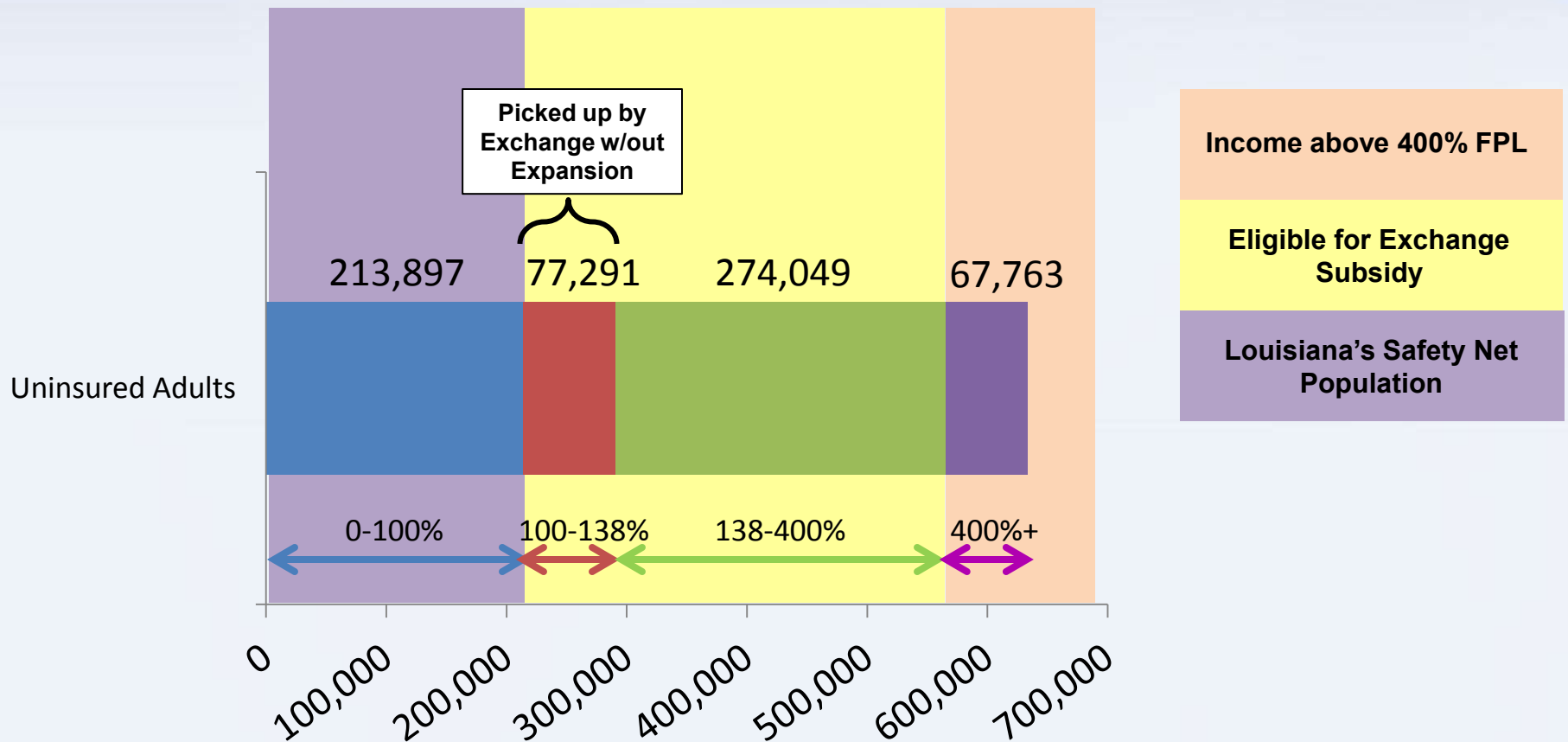
Currently Uninsured Individuals



- According to the 2011 Louisiana Health Insurance Survey, there are approximately 653,000 uninsured individuals in Louisiana.
- The vast majority (633,000) of these are adults.
- Only 213,897 of the uninsured adults (about 34%) have incomes beneath the federal poverty level and would thus remain uninsured.



Targeting the True problem





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